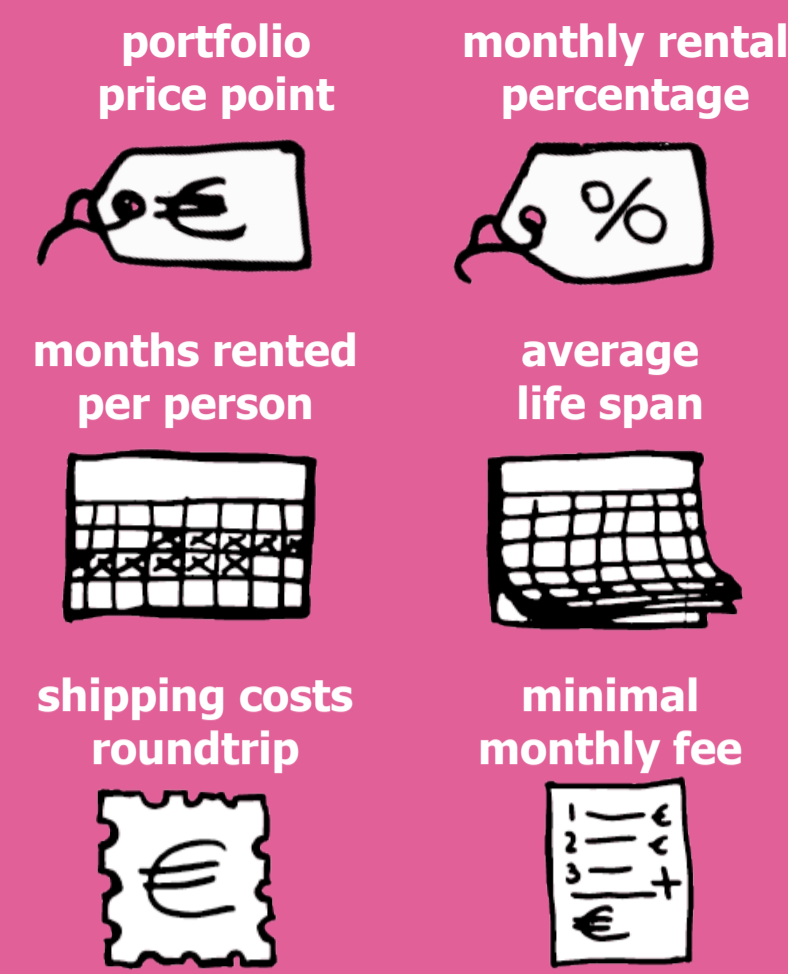# the circular economy (is) in fashion

1. existing fashion brands

The goal of this project is to help existing fashion brands, of all sorts and types, to make the first move into a circular economy fashion rental service. The company behind this is C&A Foundation, which runs Fashion for Good, which in turn is a platform for many different brands all collaborating to improve the sustainability of the fashion industry. These large fashion houses are the target group of this project. An adaptable parametric service model, a parametric business case and a universal theory predicting customer behaviour over time were combined to help these companies; all they need to do is answer a few questions about their current state of affairs.

2. use their current assets

- portfolio price point
- monthly rental percentage
- months rented per person
- average life span
- shipping costs roundtrip
- minimal monthly fee

There are many complex design decisions when creating a circular fashion service, but not all parameters of the service have the same impact on profitability. The six key factors above were abstrcted from the parametric business case through a sensitivity analysis. The values of the six key parameters are calculated based on the answers the company gave in the analysis questions to the left, translating the current state to a prediction for these parameters.
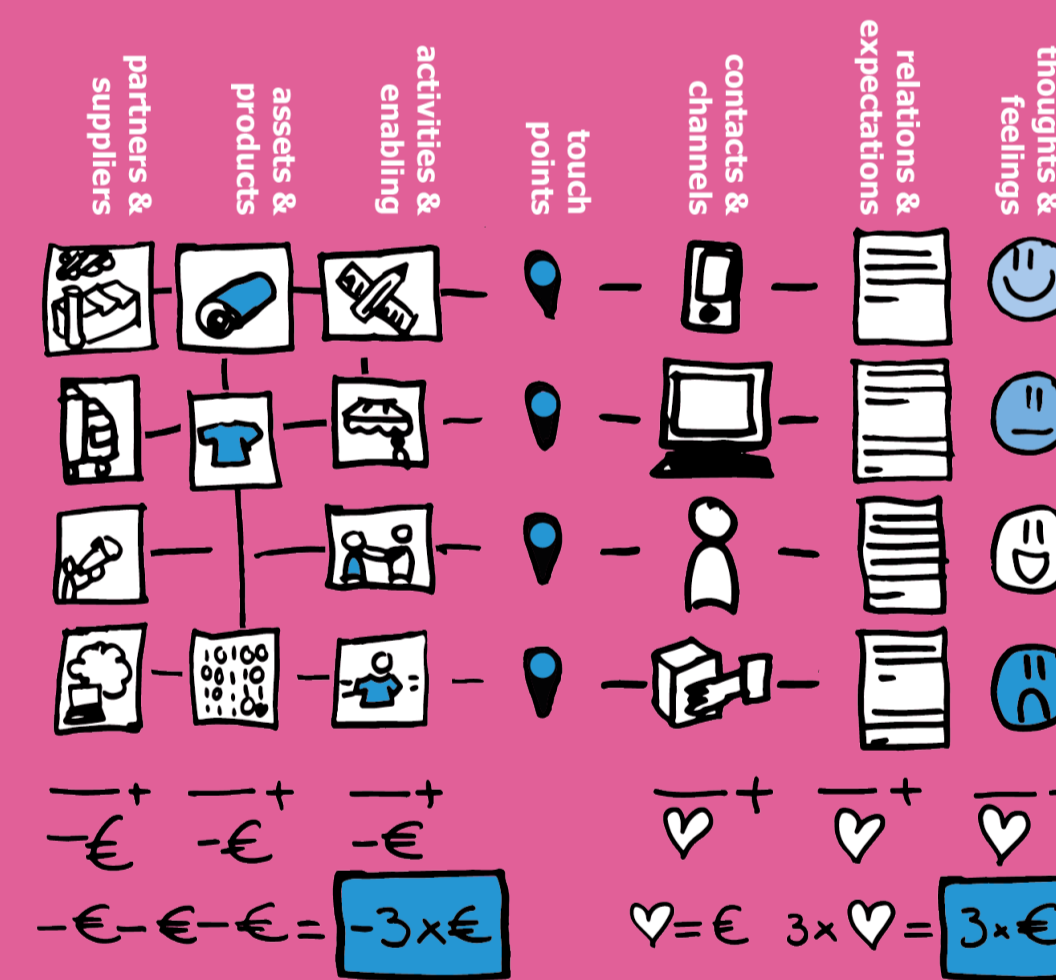
3. to predict the profits
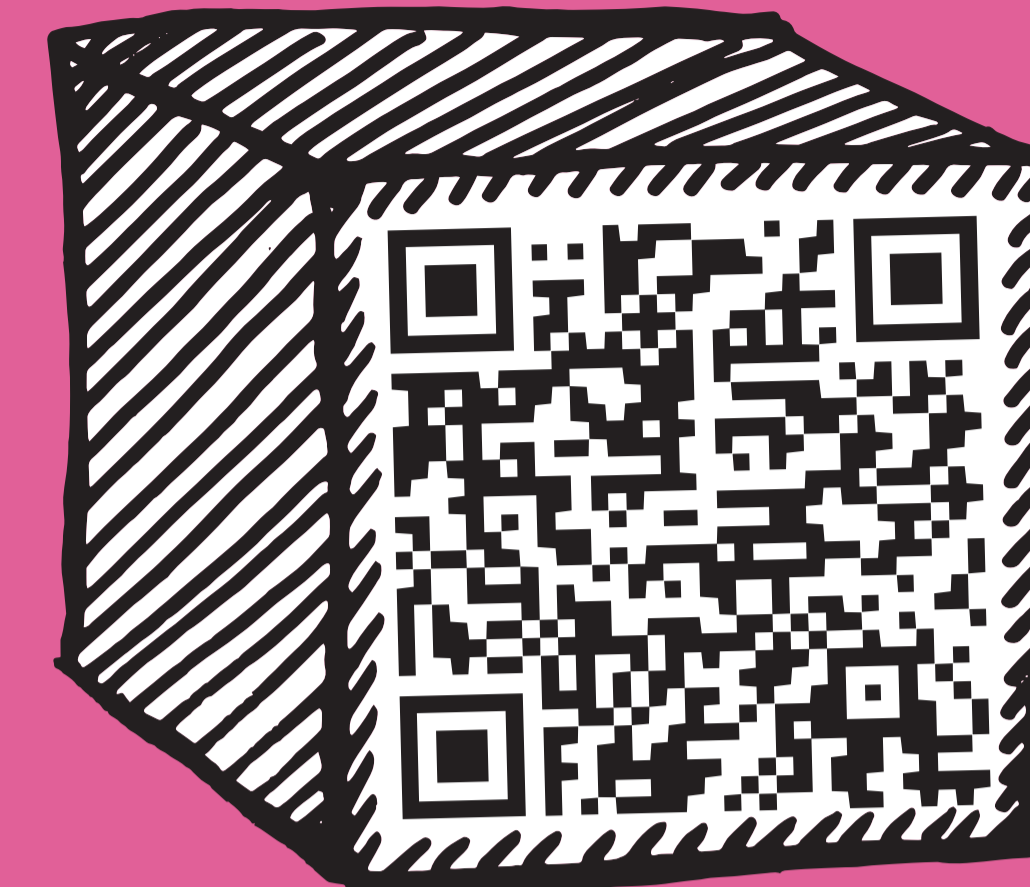
The decision support tool, (the DST) calculates the potential profit margins for each of the six rental models to the right, using the key parameters defined on the left as data feed. The DST functions as a black box, following a mathematical model based on the parametric business case. Behind the QR code are the working prototype of the DST, videos explaining the parametric business case, the full report, its appendices and more. Let's be honest, posters aren't the best medium for interactive, dynamic, digital tools

6. before they even started

- partners & suppliers
- assets & products
- activities & enabling
- touch points
- contacts & channels
- relations & expectations
- thoughts & feelings

There are two hurdles for traditionally linear fashion companies on the road to servitisation. The first hurdle is the common lack of R&D departments and overall innovative spirit. The second is their inexperience with customer relations over time, where predicting human behaviour and prolonged customer satisfaction are essential. The Circular Service Model Canvas, the parametric service model the DST was built on, offers relief for both hurdles. It is a prêt-à-design canvas that automatically factors in time through touch points (centre), combining the tilted Customer Journey (right) and Service Blueprint (left) into a Business Model Canvas style template. This structure neatly sums up every column in investments and revenue, which are balanced on the bottom.

5. to know their potential

Yes
Maybe
No
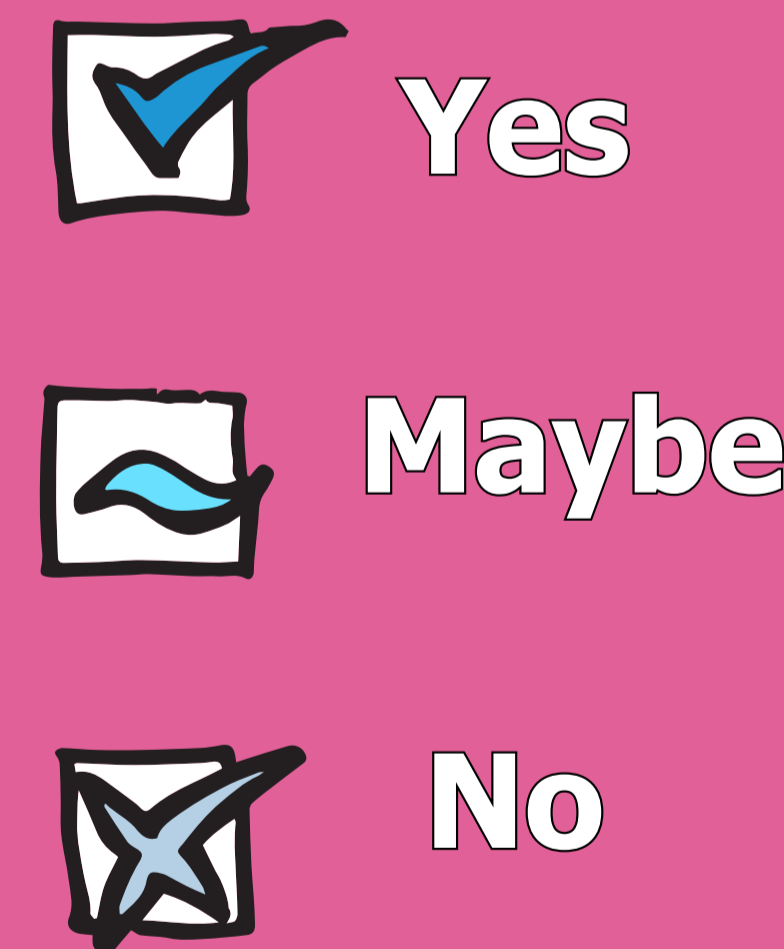
The DST gives advice on the potential profit margin for each of the service models. These profit margins serve as the foundation for a manager who wants to invest in the servitisation process and wants to know the potential before diving into the fuzzy front end. The manager uses the results to see if it is worth investing in the service design process.

4. of circular services

- single item monthly rental
- single item daily rental
- minimal monthly fee
- one monthly set subscription
- send then order subscription
- order then send subscription

The six service models as defined above all result from extensive market research, all but one. The minimal monthly fee model is a result of a new design process driven by profitability. A parallel evolution of service design, customer research and business case design enables the design team to use the business case as a test model, measuring the impact of each design decision. The minimal fee was introduced to balance out the high impact of shipping costs: customers can rent any combination of items they want, but with a minimal total rental fee per month - which is still less than the cost of an average product. This covers the shipping costs, lowers churn rates and boosts the service profit margins.

Emma van de Ven
The circular economy (is) in fashion
June 14th 2019
Strategic Product Design

Committee
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